

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-11 ISO-00 SP-03 AID-20 EB-11 NSC-07 RSC-01

CIEP-02 SS-20 STR-08 OMB-01 CEA-02 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06 SIL-01

L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 SY-04 /156 W

----- 010468

R 220905Z APR 75

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2880

INFO AMEMBASSY JAKARTA

AMEMBASSY KUALA LUMPUR

UNCLAS MANILA 4674

PASS TO SHULTZ PARTY

E.O. 11652: N/A

TAGS: EGEN, OVIP, RP (SHULTZ, GEORGE P.)

SUBJ: VISIT TO PHILIPPINES OF TREASURY SECRETARY SHULTZ

1. HIGHLIGHTS OF SHULTZ APRIL 18-20 VISIT TO PHILIPPINES--INCLUDING ONE FULL WORKING DAY--WERE SEVEN-HOUR BOAT TRIP TO CORREGIDOR WITH PRESIDENT MARCOS AND ENTIRE GOP ECONOMIC LEADERSHIP, AND ADB CEREMONY FOR SIGNING OF \$50 MILLION US SPECIAL FUND CONTRIBUTION AND PRESENTATION OF US GIFT TO ADB BUILDING. PRESS GAVE FULL AND FAVORABLE COVERAGE TO BOTH ASPECTS OF VISIT.

2. CONVERSATIONS BETWEEN PRESIDENT AND SECRETARY, TOGETHER WITH SENIOR ADVISERS (INCLUDING ON GOP SIDE FINANCE SECRETARY VIRATA, CENTRAL BANK GOVERNOR LICAROS, NEDA DIRECTOR GENERAL SICAT, FOREIGN SECRETARY ROMULO AND INDUSTRY SECRETARY PATERNO) LASTED FOR SEVERAL HOURS ON PRESIDENTIAL YACHT. TOPICS RANGED OVER BROAD SPECTRUM OF WORLD TRADE ISSUES, MONETARY AND ENERGY PROBLEMS. UNCLASSIFIED

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LEMS, INCLUDING OIL PRICES AND WORLDWIDE INFLATION. PROSPECTIVE END OF LAUREL-LANGLEY AGREEMENT AND FUTURE BASIS OF US-RP ECONOMIC RELATIONS WERE DISCUSSED IN GENERAL TERMS. OUTLOOK FOR US TRADE REFORM ACT WAS ALSO

DISCUSSED. AS NOTED SEPTTEL, SENATOR BENNETT INDICATED TO PRESIDENT THAT HE WAS VERY PESSIMISTIC RE PASSAGE OF TRADE BILL THIS YEAR. HOWEVER, SHULTZ QUOTED BY PRESS AS STATING TRADE BILL LIKELY TO BE PASSED BEFORE OCTOBER.

3. BASED ON INFORMAL QUESTION AND ANSWER SESSION WITH NEWSMEN AT ADB HEADQUARTERS FOLLOWING CEREMONY, NEWS STORIES AND DAILY EXPRESS EDITORIAL DREW PARTICULAR ATTENTION TO SHULTZ PREDICTION THAT CRUDE OIL PRICE HAS REACHED ITS PEAK AND WOULD SOON BEGIN TO DECLINE. SHULTZ WAS QUOTED AS SAYING THAT US HOPES TO COMPLETE NEW ECONOMIC AGREEMENT WITH THE PHILIPPINES BEFORE JULY 3 EXPIRATION OF ALUREL-LANGLEY AND THAT NEGOTIATIONS BETWEEN THE TWO GOVERNMENTS HAVE BEEN FOLLOWING A CONSTRUCTIVE COURSE.

4. AT ADB CEREMONY, BOTH SHULTZ AND ADB PRESIDENT INOUE CITED US GIFT OF "EARTH RISE" COLOR PICTURE AS SYMBOLIC OF US SUPPORT OF ADB GOALS. PICTURE IS TO BE PLACED IN ADB LOBBY. RE \$50 MILLION CONTRIBUTION, SHULTZ SAID THIS IS FIRST INSTALLMENT OF \$150 MILLION USG WILL BE CONTRIBUTING TO ADB SPECIAL FUNDS AND NOTED IT WOULD BE PUT INTO ASIAN DEVELOPMENT FUND WHEN IT IS ESTABLISHED IN JUNE.
PURNELL

UNCLASSIFIED

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Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: RICE, PROGRAMS (PROJECTS), BANK LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 22 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975MANILA04674
Document Source: ADS
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750129-0457
From: MANILA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197504104/baaaatmd.tel
Line Count: 83
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ACTION TRSY
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 16 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <16 JUL 2003 by CunninFX>; APPROVED <14 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: EAID, EFIN, PICIC
To: STATE INFO JAKARTA
KUALA LUMPUR
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006